

SECOND REGULAR SESSION

HOUSE BILL NO. 1332

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SCHOELLER (Sponsor), POLLOCK AND SCHAD (Co-sponsors).
4799L.011 D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 393.1000 and 393.1003, RSMo, and to enact in lieu thereof two new sections relating to infrastructure replacement surcharges.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 393.1000 and 393.1003, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 393.1000 and 393.1003, to read as follows:

393.1000. As used in sections 393.1000 to 393.1006, the following terms mean:

2 (1) "Appropriate pretax revenues", the revenues necessary to produce net operating
3 income equal to:

4 (a) The water corporation's weighted cost of capital multiplied by the net original cost
5 of eligible infrastructure system replacements, including recognition of accumulated deferred
6 income taxes and accumulated depreciation associated with eligible infrastructure system
7 replacements which are included in a currently effective ISRS; and

8 (b) Recover state, federal, and local income or excise taxes applicable to such income;
9 and

10 (c) Recover all other ISRS costs;

11 (2) "Commission", the Missouri public service commission;

12 (3) "Eligible infrastructure system replacements"[,] :

13 **(a)** Water utility plant projects that:

14 **[(a)] a.** Replace or extend the useful life of existing infrastructure;

15 **[(b)] b.** Are in service and used and useful;

16 **[(c)] c.** Do not increase revenues by directly connecting the infrastructure replacement
17 to new customers; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 18 [(d)] **d.** Were not included in the water corporation's rate base in its most recent general
19 rate case; **and**
- 20 **(b) Energy efficiency projects that:**
- 21 **a. Are in service and used and useful;**
- 22 **b. Do not increase revenues by directly connecting the infrastructure replacements**
23 **to new customers; and**
- 24 **c. Were not included in the water corporation's rate base in its most recent general**
25 **rate case;**
- 26 (4) "Energy efficiency", measures that reduce the amount of energy required to
27 achieve a given end result;
- 28 (5) "ISRS", infrastructure system replacement surcharge;
- 29 [(5)] (6) "ISRS costs", depreciation expenses and property taxes that will be due within
30 twelve months of the ISRS filing;
- 31 [(6)] (7) "ISRS revenues", revenues produced through an ISRS, exclusive of revenues
32 from all other rates and charges;
- 33 [(7)] (8) "Water corporation", every corporation, company, association, joint stock
34 company or association, partnership, and person, their lessees, trustees, or receivers appointed
35 by any court whatsoever, owning, operating, controlling, or managing any plant or property, dam
36 or water supply, canal, or power station, distributing or selling for distribution, or selling or
37 supplying for gain any water [to more than ten thousand customers];
- 38 [(8)] (9) "Water utility plant projects" may consist only of the following:
- 39 (a) Mains, [and associated] valves [and] , hydrants, **service lines, and meters** installed
40 as replacements for existing facilities that have worn out or are in deteriorated condition **or**
41 **replaced as part of a commission order;**
- 42 (b) Main cleaning and relining projects; [and]
- 43 (c) Facilities relocations required due to construction or improvement of a highway,
44 road, street, public way, or other public work by or on behalf of the United States, this state, a
45 political subdivision of this state, or another entity having the power of eminent domain provided
46 that the costs related to such projects have not been reimbursed to the water corporation; **and**
- 47 **(d) Energy efficiency projects.**

393.1003. 1. Notwithstanding any provisions of chapter 386, RSMo, and this chapter
2 to the contrary, as of August 28, [2003] **2012**, a water corporation [providing water service in
3 a county with a charter form of government and with more than one million inhabitants] may file
4 a petition and proposed rate schedules with the commission to establish or change ISRS rate
5 schedules that will allow for the adjustment of the water corporation's rates and charges to
6 provide for the recovery of costs for eligible infrastructure system replacements [made in such

7 county with a charter form of government and with more than one million inhabitants;] ,
8 provided that an ISRS, on an annualized basis, must produce ISRS revenues of at least one
9 million dollars, **or ten thousand dollars for a small water corporation as defined in section**
10 **393.146**, but not in excess of ten percent of the water corporation's base revenue level approved
11 by the commission in the water corporation's most recent general rate proceeding. An ISRS and
12 any future changes thereto shall be calculated and implemented in accordance with the provisions
13 of sections 393.1000 to 393.1006. ISRS revenues shall be subject to refund based upon a finding
14 and order of the commission, to the extent provided in subsections 5 and 8 of section 393.1006.

15 2. The commission shall not approve an ISRS for a water corporation [in a county with
16 a charter form of government and with more than one million inhabitants] that has not had a
17 general rate proceeding decided or dismissed by issuance of a commission order within the past
18 three years, unless the water corporation has filed for or is the subject of a new general rate
19 proceeding.

20 3. In no event shall a water corporation collect an ISRS for a period exceeding three
21 years unless the water corporation has filed for or is the subject of a new general rate proceeding;
22 provided that the ISRS may be collected until the effective date of new rate schedules established
23 as a result of the new general rate proceeding, or until the subject general rate proceeding is
24 otherwise decided or dismissed by issuance of a commission order without new rates being
25 established.

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